

2001 DRAFTING REQUEST

Senate Amendment (SA-SSA1-SB55)

Received: 07/09/2001

Received By: kahlepj

Wanted: Soon

Identical to LRB:

For: Legislative Fiscal Bureau

By/Representing: Mason

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Addl. Drafters: champra

Subject: **Employ Pub - miscellaneous
Insurance - health**

Extra Copies:

Submit via email: NO

Requester's email:

Pre Topic:

LFB:.....Mason -

Topic:

Private employer health care coverage plan

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kahlepj 07/09/2001 champra 07/09/2001	csicilia 07/09/2001					
/1			jfrantze 07/10/2001		lrb_docadmin 07/10/2001		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2	champra 07/10/2001	csicilia 07/10/2001	rschluet 07/11/2001	_____	lrb_docadmin 07/11/2001		

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<END>

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1?	kahlepj	<i>CS</i>	<i>7/11/01</i>	<i>7/19/01</i>			

FE Sent For:

<END>



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb1418/3
RAC&PJK:cjs:rs

ARC:.....Hughes – AM22, Private employer health care coverage program

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS ASSEMBLY AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 258, line 3: increase the dollar amount for fiscal year 2001-02 by
3 \$850,000 for the purpose for which the appropriation is made.

4 **2.** Page 401, line 11: after that line insert:

5 "SECTION 910t. 20.515 (2) (g) of the statutes is amended to read:

6 20.515 (2) (g) *Private employer health care coverage plan.* All moneys received
7 under subch. X of ch. 40 from employers who elect to participate in the private
8 employer health care coverage program under subch. X of ch. 40, for the costs of
9 designing, marketing and contracting for or providing administrative services for

1 the program and for lapsing to the general fund the amounts required under s. 40.98
2 (6m).”.

3 **3.** Page 533, line 4: after that line insert:

4 “SECTION 1391h. 40.03 (2) (it) of the statutes is created to read:

5 40.03 (2) (it) Shall promulgate, with the approval of the private employer
6 health care coverage board, all rules required for the administration of the private
7 employer health care coverage program established under subch. X.”.

8 **4.** Page 535, line 6: after that line insert:

9 “SECTION 1400b. 40.98 (1) (bm) of the statutes is created to read:

10 40.98 (1) (bm) “Eligible employee” has the meaning given in s. 632.745 (5) (a).

11 SECTION 1400c. 40.98 (1) (d) of the statutes is amended to read:

12 40.98 (1) (d) “Employer” means any person doing business or operating an
13 organization in this state and employing at least 2 eligible employees, except that for
14 a person operating a farm business the person must employ at least one eligible
15 employee. “Employer” does not include an employer as defined in s. 40.02 (28).

16 SECTION 1400d. 40.98 (2) (a) 3. of the statutes is amended to read:

17 40.98 (2) (a) 3. The ~~administrator selected under subd. 2., or the department~~
18 ~~if no administrator has been selected under subd. 2.,~~ shall enter into contracts with
19 insurers who are to provide health care coverage under the health care coverage
20 program.

21 SECTION 1400e. 40.98 (2) (a) 4. of the statutes is amended to read:

22 40.98 (2) (a) 4. The department or the administrator selected under subd. 2.
23 shall solicit and accept bids and shall enter into a contract for marketing the health
24 care coverage program.

1 **SECTION 1400em.** 40.98 (2) (a) 5. of the statutes is amended to read:

2 40.98 (2) (a) 5. The department or the administrator selected under subd. 2.
3 shall maintain a toll-free telephone number to provide information on the health
4 care coverage program.

5 **SECTION 1400f.** 40.98 (2) (d) of the statutes is amended to read:

6 40.98 (2) (d) All insurance rates for health care coverage under the program
7 shall be ~~published annually in a single publication that is~~ made available to
8 employers and employees in a manner determined by the board. Rates that apply
9 to coverage for small employers, as defined in s. 635.02 (7), shall be published at least
10 annually, as required in s. 635.12. The rates may be listed by county or by any other
11 regional factor that the board considers appropriate. Annually, the board shall
12 submit a report to the appropriate standing committees under s. 13.172 (3)
13 specifying the average insurance rate for health care coverage under the program by
14 county or by any other regional factor the board considers appropriate.

15 **SECTION 1400g.** 40.98 (3) (a) of the statutes is amended to read:

16 40.98 (3) (a) Offer health care coverage under one or more plans to all of its
17 permanent eligible employees who have a normal work week of 30 or more hours and,
18 if permitted by any plan offered by an insurer under the health care coverage
19 program, may offer health care coverage under one or more plans such a plan to any
20 of its other employees.

21 **SECTION 1400h.** 40.98 (3) (b) of the statutes is amended to read:

22 40.98 (3) (b) Provide health care coverage under one or more plans to at least
23 50% of its permanent eligible employees who have a normal work week of 30 or more
24 hours and who do not otherwise receive health care coverage as a dependent under

plain
space

1 any other plan that is not offered by the employer or a percentage of such employees
2 specified by the board, whichever percentage is greater.

3 **SECTION 1400i.** 40.98 (3) (c) of the statutes is amended to read:

4 **40.98 (3) (c)** Pay for each ^{ok}eligible employee at least 50% but not more than 100%
5 ~~of the lowest premium rate that would be of the lowest premium rate for single~~
6 coverage that is available to the employer for that employee's coverage under the
7 health care coverage program.

8 **SECTION 1400j.** 40.98 (5) of the statutes is renumbered 40.98 (5) (am).

9 **SECTION 1400k.** 40.98 (5) (bm) of the statutes is created to read:

10 40.98 (5) (bm) Notwithstanding par. (am), the department, in consultation
11 with the board, may limit the requirement under par. (am) to compliance with s.
12 635.19.

13 **SECTION 1400L.** 40.98 (6) (b) of the statutes is amended to read:

14 40.98 (6) (b) An insurance agent may not sell any health care coverage under
15 the health care coverage program on behalf of an insurer unless he or she is employed
16 ~~by the insurer or has a contract with the insurer to sell the health care coverage on~~
17 ~~behalf of~~ listed by the insurer under s. 628.11.

18 **SECTION 1400m.** 40.98 (6) (d) of the statutes is repealed and recreated to read:

19 40.98 (6) (d) The board may establish training requirements that an insurance
20 agent must satisfy, in addition to any requirements under s. 628.04 (3), to sell health
21 care coverage under the health care coverage program. ✓

22 **SECTION 1400n.** 40.98 (6m) of the statutes is created to read:

23 40.98 (6m) The secretary of administration shall lapse from the appropriation
24 under s. 20.515 (2) (g) to the general fund the amounts necessary to repay the loan
25 from the state life insurance fund under s. 607.25 when the secretary of

1 administration, after consulting with the board, determines that funds in the
 2 appropriation under s. 20.515 (2) (g) are sufficient to make the lapse. The amounts
 3 that are required to be lapsed under s. 20.515 (2) (g) shall equal the amount necessary
 4 to pay all principal and interest costs on the loan, less any amount that is lapsed to
 5 the general fund under s. 20.515 (2) (a) at the end of the 2001-03 fiscal biennium.
 6 The secretary of administration may lapse the amounts under s. 20.515 (2) (g) in
 7 installments." ✓

8 **5.** Page 1180, line 21: after that line insert:

9 "SECTION 3741d. 607.25 of the statutes is created to read:

10 **607.25 Loan to general fund.** No later than the first day of the 2nd month
 11 after the effective date of this section ... [revisor inserts date], the life fund shall
 12 make a loan of \$850,000 to the general fund. ~~Interest shall accrue on the principle~~
 13 ~~balance at the average rate earned by the state on its deposits in the state investment~~
 14 ~~fund~~ during the period of the loan. The general fund shall repay the loan from
 15 moneys lapsed to the general fund from the appropriation under s. 20.515 (2) (a) at
 16 the end of the 2001-03 fiscal biennium, if any, and from moneys lapsed to the general
 17 fund from the appropriation under s. 20.515 (2) (g) in the amounts specified in s.
 18 40.98 (6m). If the secretary of administration determines that the moneys lapsed
 19 from these appropriations will not be sufficient to repay the loan within a reasonable
 20 period of time, as determined by the secretary and the commissioner, the secretary
 21 shall transfer from the general fund to the life fund an amount sufficient to repay the
 22 loan." ✓

23 **6.** Page 1181, line 12: after that line insert:

24 "SECTION 3766e. 635.02 (2) of the statutes is amended to read:

*NO INTEREST
 WITHSTANDING S. 604.03(2), NO INTEREST
 SHALL BE CHARGED ON THE LOAN*

1 635.02 (2) "Case characteristics" means the demographic, actuarially based
2 characteristics of the employees of a small employer, and the employer, if covered,
3 such as age, sex, and geographic location and occupation, used by a small employer
4 insurer to determine premium rates for a small employer. "Case characteristics"
5 does not include loss or claim history, health status, occupation, duration of coverage,
6 or other factors related to claim experience.

7 **SECTION 3766ec.** 635.02 (3e) of the statutes is created to read:

8 635.02 (3e) "Eligible employee" has the meaning given in s. 632.745 (5) (a).

9 **SECTION 3766ef.** 635.02 (7) of the statutes is amended to read:

10 635.02 (7) "Small employer" means, with respect to a calendar year and a plan
11 year, an employer that employed an average of at least 2 but not more than 50 eligible
12 employees on business days during the preceding calendar year, or that is reasonably
13 expected to employ an average of at least 2 but not more than 50 eligible employees
14 on business days during the current calendar year if the employer was not in
15 existence during the preceding calendar year, and that employs at least 2 eligible
16 employees on the first day of the plan year.

Insert 6-16

17 **SECTION 3766f.** 635.05 (2) (a) 2. of the statutes is amended to read:

18 635.05 (2) (a) 2. An adjustment, not to exceed 15% per year, adjusted
19 proportionally for rating periods of less than one year, for such rating factors as claim
20 experience, health status, occupation, and duration of coverage, determined in
21 accordance with the small employer insurer's rate manual or rating procedures.

22 **SECTION 3766g.** 635.05 (7) of the statutes is created to read:

23 635.05 (7) Specifying the manner in which rates must be published under s.
24 635.12.

25 **SECTION 3766j.** 635.12 of the statutes is created to read:

1 **635.12 Annual publication of rates.** Every small employer insurer shall
 2 annually publish the small employer insurer's current new business premium rates.
 3 The rates shall be published in the manner and according to categories required by
 4 rule under s. 635.05 (7). New business premium rates for coverage under the health
 5 care coverage program under subch. X of ch. 40 shall be published as required under
 6 s. 40.98 (2) (d)."

7 **7.** Page 1399, line 25: after that line insert:

and 635.05(1)

8 “(3q) SMALL EMPLOYER HEALTH INSURANCE RATES.

9 (a) The treatment of section ^s635.02 (2) of the statutes first applies to policies
 10 or plans that are issued or renewed to small employers on the first day of the 13th
 11 month beginning after the effective date of this paragraph.

12 (b) The treatment of section 635.05 (2) (a) 2. of the statutes first applies to
 13 policies or plans that are renewed on the first day of the 13th month beginning after
 14 the effective date of this paragraph.”.

15 **8.** Page 1421, line 4: after that line insert:

16 “(3q) SMALL EMPLOYER HEALTH INSURANCE RATES. The treatment of sections
 17 635.02 (2), 635.05 (2) (a) 2., and 635.12 of the statutes takes effect on the first day
 18 of the 13th month beginning after the effective date of this subsection.”.

19 (END)

635.05(1)

Insert 6-16

SECTION 3766em

~~Section~~ 635.05 (1) of the statutes is amended to read:

¶ 635.05 (1) Establishing restrictions on premium rates that a small employer insurer may charge a small employer such that the premium rates charged to small employers with similar case characteristics for the same or similar benefit design characteristics do not vary from the midpoint rate for those small employers by more than ~~35%~~ of that midpoint rate.

~~History: 1991 a. 39, 250.~~

↑ ↑
strike

→ 10%

(end of ins 6-16)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb2032/1dn

RAC:.....



✓
Please note that, under s. 604.03 (2), assets in the state life insurance fund are held in trust for the benefit of the insureds and other proper claimants. By having the state life insurance fund make a loan to the general fund without interest, the law actually may be requiring the commissioner of insurance to breach his or her fiduciary duty with respect to his or her role as manager of the fund. The issue is whether it is a breach of fiduciary duty for the commissioner to invest any of the assets of the state life insurance fund in an investment that by law will produce no investment return. You may wish to speak with the office of the commissioner of insurance on this issue.

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb2032/1dn
RAC:cjs:jf

July 10, 2001

Please note that, under s. 604.03 (2), assets in the state life insurance fund are held in trust for the benefit of the insureds and other proper claimants. By having the state life insurance fund make a loan to the general fund without interest, the law actually may be requiring the commissioner of insurance to breach his or her fiduciary duty with respect to his or her role as manager of the fund. The issue is whether it is a breach of fiduciary duty for the commissioner to invest any of the assets of the state life insurance fund in an investment that by law will produce no investment return. You may wish to speak with the office of the commissioner of insurance on this issue.

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb2032/x2
RAC&PJK:cjs:jf

RMR

LFB:.....Mason - Private employer health care coverage plan

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 258, line 3: increase the dollar amount for fiscal year 2001-02 by
3 \$850,000 for the purpose for which the appropriation is made.

4 **2.** Page 401, line 11: after that line insert:

5 **"SECTION 910t.** 20.515 (2) (g) of the statutes is amended to read:

6 20.515 (2) (g) *Private employer health care coverage plan.* All moneys received
7 under subch. X of ch. 40 from employers who elect to participate in the private
8 employer health care coverage program under subch. X of ch. 40, for the costs of
9 designing, marketing and contracting for or providing administrative services for

1 the program and for lapsing to the general fund the amounts required under s. 40.98
2 (6m).”.

3 **3.** Page 533, line 4: after that line insert:

4 **“SECTION 1391h.** 40.03 (2) (it) of the statutes is created to read:

5 40.03 (2) (it) Shall promulgate, with the approval of the private employer
6 health care coverage board, all rules required for the administration of the private
7 employer health care coverage program established under subch. X.”.

8 **4.** Page 535, line 6: after that line insert:

9 **“SECTION 1400b.** 40.98 (1) (bm) of the statutes is created to read:

10 40.98 (1) (bm) “Eligible employee” has the meaning given in s. 632.745 (5) (a).

11 **SECTION 1400c.** 40.98 (1) (d) of the statutes is amended to read:

12 40.98 (1) (d) “Employer” means any person doing business or operating an
13 organization in this state and employing at least 2 eligible employees, except that for
14 a person operating a farm business the person must employ at least one eligible
15 employee. “Employer” does not include an employer as defined in s. 40.02 (28).

16 **SECTION 1400d.** 40.98 (2) (a) 3. of the statutes is amended to read:

17 40.98 (2) (a) 3. ~~The administrator selected under subd. 2., or the department~~
18 ~~if no administrator has been selected under subd. 2.,~~ shall enter into contracts with
19 insurers who are to provide health care coverage under the health care coverage
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21 **SECTION 1400e.** 40.98 (2) (a) 4. of the statutes is amended to read:

22 40.98 (2) (a) 4. The department or the administrator selected under subd. 2.
23 shall solicit and accept bids and shall enter into a contract for marketing the health
24 care coverage program.

1 **SECTION 1400em.** 40.98 (2) (a) 5. of the statutes is amended to read:

2 40.98 (2) (a) 5. The department or the administrator selected under subd. 2.
3 shall maintain a toll-free telephone number to provide information on the health
4 care coverage program.

5 **SECTION 1400f.** 40.98 (2) (d) of the statutes is amended to read:

6 40.98 (2) (d) All insurance rates for health care coverage under the program
7 shall be ~~published annually in a single publication that is made available to~~
8 employers and employees in a manner determined by the board. Rates that apply
9 to coverage for small employers, as defined in s. 635.02 (7), shall be published at least
10 annually, as required in s. 635.12. The rates may be listed by county or by any other
11 regional factor that the board considers appropriate. Annually, the board shall
12 submit a report to the appropriate standing committees under s. 13.172 (3)
13 specifying the average insurance rate for health care coverage under the program by
14 county or by any other regional factor the board considers appropriate.

15 **SECTION 1400g.** 40.98 (3) (a) of the statutes is amended to read:

16 40.98 (3) (a) Offer health care coverage under one or more plans to all of its
17 ~~permanent eligible employees who have a normal work week of 30 or more hours and,~~
18 ~~if permitted by any plan offered by an insurer under the health care coverage~~
19 ~~program,~~ may offer health care coverage under one or more plans such a plan to any
20 of its other employees.

21 **SECTION 1400h.** 40.98 (3) (b) of the statutes is amended to read:

22 40.98 (3) (b) Provide health care coverage under one or more plans to at least
23 50% of its ~~permanent eligible employees who have a normal work week of 30 or more~~
24 ~~hours and~~ who do not otherwise receive health care coverage as a dependent under

1 any other plan that is not offered by the employer or a percentage of such employees
2 specified by the board, whichever percentage is greater.

3 **SECTION 1400i.** 40.98 (3) (c) of the statutes is amended to read:

4 40.98 (3) (c) Pay for each eligible employee at least 50% ~~but not more than 100%~~
5 ~~of the lowest premium rate that would be~~ of the lowest premium rate for single
6 coverage that is available to the employer for that employee's coverage under the
7 health care coverage program.

8 **SECTION 1400j.** 40.98 (5) of the statutes is renumbered 40.98 (5) (am).

9 **SECTION 1400k.** 40.98 (5) (bm) of the statutes is created to read:

10 40.98 (5) (bm) Notwithstanding par. (am), the department, in consultation
11 with the board, may limit the requirement under par. (am) to compliance with s.
12 635.19.

13 **SECTION 1400L.** 40.98 (6) (b) of the statutes is amended to read:

14 40.98 (6) (b) An insurance agent may not sell any health care coverage under
15 the health care coverage program on behalf of an insurer unless he or she is ~~employed~~
16 ~~by the insurer or has a contract with the insurer to sell the health care coverage on~~
17 ~~behalf of~~ listed by the insurer under s. 628.11.

18 **SECTION 1400m.** 40.98 (6) (d) of the statutes is repealed and recreated to read:

19 40.98 (6) (d) The board may establish training requirements that an insurance
20 agent must satisfy, in addition to any requirements under s. 628.04 (3), to sell health
21 care coverage under the health care coverage program.

22 **SECTION 1400n.** 40.98 (6m) of the statutes is created to read:

23 40.98 (6m) The secretary of administration shall lapse from the appropriation
24 under s. 20.515 (2) (g) to the general fund the amounts necessary to repay the loan
25 from the state life insurance fund under s. 607.25 when the secretary of

1 administration, after consulting with the board, determines that funds in the
2 appropriation under s. 20.515 (2) (g) are sufficient to make the lapse. The amounts
3 that are required to be lapsed under s. 20.515 (2) (g) shall equal the amount necessary
4 to ^{repay} ~~pay all principal and interest costs on~~ the loan, less any amount that is lapsed to
5 the general fund under s. 20.515 (2) (a) at the end of the 2001–03 fiscal biennium.
6 The secretary of administration may lapse the amounts under s. 20.515 (2) (g) in
7 installments.”.

8 **5.** Page 1180, line 21: after that line insert:

9 “SECTION 3741d. 607.25 of the statutes is created to read:

10 **607.25 Loan to general fund.** No later than the first day of the 2nd month
11 after the effective date of this section [revisor inserts date], the life fund shall
12 make a loan of \$850,000 to the general fund. Notwithstanding s. 604.03 (2), no
13 interest shall be charged on the loan during the period of the loan. The general fund
14 shall repay the loan from moneys lapsed to the general fund from the appropriation
15 under s. 20.515 (2) (a) at the end of the 2001–03 fiscal biennium, if any, and from
16 moneys lapsed to the general fund from the appropriation under s. 20.515 (2) (g) in
17 the amounts specified in s. 40.98 (6m). If the secretary of administration determines
18 that the moneys lapsed from these appropriations will not be sufficient to repay the
19 loan within a reasonable period of time, as determined by the secretary and the
20 commissioner, the secretary shall transfer from the general fund to the life fund an
21 amount sufficient to repay the loan.”.

22 **6.** Page 1181, line 12: after that line insert:

23 “SECTION 3766e. 635.02 (2) of the statutes is amended to read:

1 635.02 (2) "Case characteristics" means the demographic, actuarially based
2 characteristics of the employees of a small employer, and the employer, if covered,
3 such as age, sex, and geographic location ~~and occupation~~, used by a small employer
4 insurer to determine premium rates for a small employer. "Case characteristics"
5 does not include loss or claim history, health status, occupation, duration of coverage,
6 or other factors related to claim experience.

7 **SECTION 3766ec.** 635.02 (3e) of the statutes is created to read:

8 635.02 (3e) "Eligible employee" has the meaning given in s. 632.745 (5) (a).

9 **SECTION 3766ef.** 635.02 (7) of the statutes is amended to read:

10 635.02 (7) "Small employer" means, with respect to a calendar year and a plan
11 year, an employer that employed an average of at least 2 but not more than 50 eligible
12 employees on business days during the preceding calendar year, or that is reasonably
13 expected to employ an average of at least 2 but not more than 50 eligible employees
14 on business days during the current calendar year if the employer was not in
15 existence during the preceding calendar year, and that employs at least 2 eligible
16 employees on the first day of the plan year.

17 **SECTION 3766em.** 635.05 (1) of the statutes is amended to read:

18 635.05 (1) Establishing restrictions on premium rates that a small employer
19 insurer may charge a small employer such that the premium rates charged to small
20 employers with similar case characteristics for the same or similar benefit design
21 characteristics do not vary from the midpoint rate for those small employers by more
22 than ~~35%~~ 10% of that midpoint rate.

23 **SECTION 3766f.** 635.05 (2) (a) 2. of the statutes is amended to read:

24 635.05 (2) (a) 2. An adjustment, not to exceed 15% per year, adjusted
25 proportionally for rating periods of less than one year, for such rating factors as claim

1 experience, health status, occupation, and duration of coverage, determined in
2 accordance with the small employer insurer's rate manual or rating procedures.

3 **SECTION 3766g.** 635.05 (7) of the statutes is created to read:

4 635.05 (7) Specifying the manner in which rates must be published under s.
5 635.12.

6 **SECTION 3766j.** 635.12 of the statutes is created to read:

7 **635.12 Annual publication of rates.** Every small employer insurer shall
8 annually publish the small employer insurer's current new business premium rates.
9 The rates shall be published in the manner and according to categories required by
10 rule under s. 635.05 (7). New business premium rates for coverage under the health
11 care coverage program under subch. X of ch. 40 shall be published as required under
12 s. 40.98 (2) (d).”.

13 **7.** Page 1399, line 25: after that line insert:

14 “(3q) SMALL EMPLOYER HEALTH INSURANCE RATES.

15 (a) The treatment of sections 635.02 (2) and 635.05 (1) of the statutes first
16 applies to policies or plans that are issued or renewed to small employers on the first
17 day of the 13th month beginning after the effective date of this paragraph.

18 (b) The treatment of section 635.05 (2) (a) 2. of the statutes first applies to
19 policies or plans that are renewed on the first day of the 13th month beginning after
20 the effective date of this paragraph.”.

21 **8.** Page 1421, line 4: after that line insert:



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb2032/2
RAC&PJK:cjs:rs

LFB:.....Mason – Private employer health care coverage plan

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 258, line 3: increase the dollar amount for fiscal year 2001-02 by
3 \$850,000 for the purpose for which the appropriation is made.

4 **2.** Page 401, line 11: after that line insert:

5 “SECTION 910t. 20.515 (2) (g) of the statutes is amended to read:

6 20.515 (2) (g) *Private employer health care coverage plan.* All moneys received
7 under subch. X of ch. 40 from employers who elect to participate in the private
8 employer health care coverage program under subch. X of ch. 40, for the costs of
9 designing, marketing and contracting for or providing administrative services for

1 the program and for lapsing to the general fund the amounts required under s. 40.98
2 (6m).”.

3 **3.** Page 533, line 4: after that line insert:

4 **“SECTION 1391h.** 40.03 (2) (it) of the statutes is created to read:

5 40.03 (2) (it) Shall promulgate, with the approval of the private employer
6 health care coverage board, all rules required for the administration of the private
7 employer health care coverage program established under subch. X.”.

8 **4.** Page 535, line 6: after that line insert:

9 **“SECTION 1400b.** 40.98 (1) (bm) of the statutes is created to read:

10 40.98 (1) (bm) “Eligible employee” has the meaning given in s. 632.745 (5) (a).

11 **SECTION 1400c.** 40.98 (1) (d) of the statutes is amended to read:

12 40.98 (1) (d) “Employer” means any person doing business or operating an
13 organization in this state and employing at least 2 eligible employees, except that for
14 a person operating a farm business the person must employ at least one eligible
15 employee. “Employer” does not include an employer as defined in s. 40.02 (28).

16 **SECTION 1400d.** 40.98 (2) (a) 3. of the statutes is amended to read:

17 40.98 (2) (a) 3. ~~The administrator selected under subd. 2., or the department~~
18 ~~if no administrator has been selected under subd. 2.,~~ shall enter into contracts with
19 insurers who are to provide health care coverage under the health care coverage
20 program.

21 **SECTION 1400e.** 40.98 (2) (a) 4. of the statutes is amended to read:

22 40.98 (2) (a) 4. The department or the administrator selected under subd. 2.
23 shall solicit and accept bids and shall enter into a contract for marketing the health
24 care coverage program.

1 **SECTION 1400em.** 40.98 (2) (a) 5. of the statutes is amended to read:

2 40.98 (2) (a) 5. The department or the administrator selected under subd. 2.
3 shall maintain a toll-free telephone number to provide information on the health
4 care coverage program.

5 **SECTION 1400f.** 40.98 (2) (d) of the statutes is amended to read:

6 40.98 (2) (d) All insurance rates for health care coverage under the program
7 shall be ~~published annually in a single publication that is~~ made available to
8 employers and employees in a manner determined by the board. Rates that apply
9 to coverage for small employers, as defined in s. 635.02 (7), shall be published at least
10 annually, as required in s. 635.12. The rates may be listed by county or by any other
11 regional factor that the board considers appropriate. Annually, the board shall
12 submit a report to the appropriate standing committees under s. 13.172 (3)
13 specifying the average insurance rate for health care coverage under the program by
14 county or by any other regional factor the board considers appropriate.

15 **SECTION 1400g.** 40.98 (3) (a) of the statutes is amended to read:

16 40.98 (3) (a) Offer health care coverage under one or more plans to all of its
17 permanent eligible employees ~~who have a normal work week of 30 or more hours and,~~
18 if permitted by any plan offered by an insurer under the health care coverage
19 program, may offer health care coverage under ~~one or more plans~~ such a plan to any
20 of its other employees.

21 **SECTION 1400h.** 40.98 (3) (b) of the statutes is amended to read:

22 40.98 (3) (b) Provide health care coverage under one or more plans to at least
23 50% of its permanent eligible employees ~~who have a normal work week of 30 or more~~
24 ~~hours and~~ who do not otherwise receive health care coverage as a dependent under

1 any other plan that is not offered by the employer or a percentage of such employees
2 specified by the board, whichever percentage is greater.

3 **SECTION 1400i.** 40.98 (3) (c) of the statutes is amended to read:

4 40.98 (3) (c) Pay for each eligible employee at least 50% ~~but not more than 100%~~
5 ~~of the lowest premium rate that would be~~ of the lowest premium rate for single
6 coverage that is available to the employer for that employee's coverage under the
7 health care coverage program.

8 **SECTION 1400j.** 40.98 (5) of the statutes is renumbered 40.98 (5) (am).

9 **SECTION 1400k.** 40.98 (5) (bm) of the statutes is created to read:

10 40.98 (5) (bm) Notwithstanding par. (am), the department, in consultation
11 with the board, may limit the requirement under par. (am) to compliance with s.
12 635.19.

13 **SECTION 1400L.** 40.98 (6) (b) of the statutes is amended to read:

14 40.98 (6) (b) An insurance agent may not sell any health care coverage under
15 the health care coverage program on behalf of an insurer unless he or she is ~~employed~~
16 ~~by the insurer or has a contract with the insurer to sell the health care coverage on~~
17 ~~behalf of~~ listed by the insurer under s. 628.11.

18 **SECTION 1400m.** 40.98 (6) (d) of the statutes is repealed and recreated to read:

19 40.98 (6) (d) The board may establish training requirements that an insurance
20 agent must satisfy, in addition to any requirements under s. 628.04 (3), to sell health
21 care coverage under the health care coverage program.

22 **SECTION 1400n.** 40.98 (6m) of the statutes is created to read:

23 40.98 (6m) The secretary of administration shall lapse from the appropriation
24 under s. 20.515 (2) (g) to the general fund the amounts necessary to repay the loan
25 from the state life insurance fund under s. 607.25 when the secretary of

1 administration, after consulting with the board, determines that funds in the
2 appropriation under s. 20.515 (2) (g) are sufficient to make the lapse. The amounts
3 that are required to be lapsed under s. 20.515 (2) (g) shall equal the amount necessary
4 to repay the loan, less any amount that is lapsed to the general fund under s. 20.515
5 (2) (a) at the end of the 2001–03 fiscal biennium. The secretary of administration
6 may lapse the amounts under s. 20.515 (2) (g) in installments.”.

7 **5.** Page 1180, line 21: after that line insert:

8 “SECTION 3741d. 607.25 of the statutes is created to read:

9 **607.25 Loan to general fund.** No later than the first day of the 2nd month
10 after the effective date of this section [revisor inserts date], the life fund shall
11 make a loan of \$850,000 to the general fund. Notwithstanding s. 604.03 (2), no
12 interest shall be charged on the loan during the period of the loan. The general fund
13 shall repay the loan from moneys lapsed to the general fund from the appropriation
14 under s. 20.515 (2) (a) at the end of the 2001–03 fiscal biennium, if any, and from
15 moneys lapsed to the general fund from the appropriation under s. 20.515 (2) (g) in
16 the amounts specified in s. 40.98 (6m). If the secretary of administration determines
17 that the moneys lapsed from these appropriations will not be sufficient to repay the
18 loan within a reasonable period of time, as determined by the secretary and the
19 commissioner, the secretary shall transfer from the general fund to the life fund an
20 amount sufficient to repay the loan.”.

21 **6.** Page 1181, line 12: after that line insert:

22 “SECTION 3766e. 635.02 (2) of the statutes is amended to read:

23 635.02 (2) “Case characteristics” means the demographic, actuarially based
24 characteristics of the employees of a small employer, and the employer, if covered,

1 such as age, sex, and geographic location ~~and occupation~~, used by a small employer
2 insurer to determine premium rates for a small employer. “Case characteristics”
3 does not include loss or claim history, health status, occupation, duration of coverage,
4 or other factors related to claim experience.

5 **SECTION 3766ec.** 635.02 (3e) of the statutes is created to read:

6 635.02 (3e) “Eligible employee” has the meaning given in s. 632.745 (5) (a).

7 **SECTION 3766ef.** 635.02 (7) of the statutes is amended to read:

8 635.02 (7) “Small employer” means, with respect to a calendar year and a plan
9 year, an employer that employed an average of at least 2 but not more than 50 eligible
10 employees on business days during the preceding calendar year, or that is reasonably
11 expected to employ an average of at least 2 but not more than 50 eligible employees
12 on business days during the current calendar year if the employer was not in
13 existence during the preceding calendar year, and that employs at least 2 eligible
14 employees on the first day of the plan year.

15 **SECTION 3766em.** 635.05 (1) of the statutes is amended to read:

16 635.05 (1) Establishing restrictions on premium rates that a small employer
17 insurer may charge a small employer such that the premium rates charged to small
18 employers with similar case characteristics for the same or similar benefit design
19 characteristics do not vary from the midpoint rate for those small employers by more
20 than ~~35%~~ 10% of that midpoint rate.

21 **SECTION 3766f.** 635.05 (2) (a) 2. of the statutes is amended to read:

22 635.05 (2) (a) 2. An adjustment, not to exceed 15% per year, adjusted
23 proportionally for rating periods of less than one year, for such rating factors as claim
24 experience, health status, occupation, and duration of coverage, determined in
25 accordance with the small employer insurer’s rate manual or rating procedures.

1 **SECTION 3766g.** 635.05 (7) of the statutes is created to read:

2 635.05 (7) Specifying the manner in which rates must be published under s.
3 635.12.

4 **SECTION 3766j.** 635.12 of the statutes is created to read:

5 **635.12 Annual publication of rates.** Every small employer insurer shall
6 annually publish the small employer insurer's current new business premium rates.
7 The rates shall be published in the manner and according to categories required by
8 rule under s. 635.05 (7). New business premium rates for coverage under the health
9 care coverage program under subch. X of ch. 40 shall be published as required under
10 s. 40.98 (2) (d).”.

11 **7.** Page 1399, line 25: after that line insert:

12 “(3q) SMALL EMPLOYER HEALTH INSURANCE RATES.

13 (a) The treatment of sections 635.02 (2) and 635.05 (1) of the statutes first
14 applies to policies or plans that are issued or renewed to small employers on the first
15 day of the 13th month beginning after the effective date of this paragraph.

16 (b) The treatment of section 635.05 (2) (a) 2. of the statutes first applies to
17 policies or plans that are renewed on the first day of the 13th month beginning after
18 the effective date of this paragraph.”.

19 **8.** Page 1421, line 4: after that line insert:

20 “(3q) SMALL EMPLOYER HEALTH INSURANCE RATES. The treatment of sections
21 635.02 (2), 635.05 (1) and (2) (a) 2., and 635.12 of the statutes takes effect on the first
22 day of the 13th month beginning after the effective date of this subsection.”.

23

(END)